

STATEMENT OF SENATOR JOHN McCAIN
RANKING REPUBLICAN, SENATE COMMITTEE ON
COMMERCE, SCIENCE, AND TRANSPORTATION
FULL COMMITTEE HEARING
ON MEDIA CONCENTRATION
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- Thank you Mr. Chairman for having this hearing today regarding this very important topic.
- Existing regulatory caps on broadcast station and newspaper ownership were created decades ago to preserve competition in a mass media market consisting of a limited number of radio stations, TV stations and newspapers. But since that time, the mass media market has expanded exponentially. As a result, broadcasters and others are now saddled with anachronistic ownership rules that limit their ability to compete in the modern mass media market.
- The changes in the mass media market are self-evident. To put the matter bluntly: In the digital era, insight and commentary on matters of public policy will no longer be dominated by Cronkite, Brinkley, the *Times* and the *Post*. In their place have arisen CNN, CNBC, MSNBC, *Salon*, *Wired*, *Slashdot* and innumerable other sources of information and news.
- This new mass media market is dominated, not by broadcasters and newspapers, but by multichannel mass media entities like cable TV, direct broadcast satellite TV, wireless cable, and, of course, the Internet. These new media are not only powerful economic competitors; they are also driving all forms of media to become more interactive. Interactive communications limit mass media's ability to dictate public opinion, and they allow ordinary citizens to be more than passive recipients of institutionalized news. Many web sites, for example, let readers respond to a story by posting their reactions, rebuttals or questions.
- In the face of these new competitors, new technologies and new market demands, ownership restrictions on traditional media have not only become unnecessary, they have become anticompetitive. Faced with new sources and new methods of competition, broadcasters and newspapers saddled with potentially outdated infrastructure desperately need the increased efficiencies that relaxed ownership rules permit.
- None of these observations are new to this debate, or this Congress. Indeed, Congress recognized all of these points when it enacted a 1996 Telecommunications Act that directed the FCC to review *all* of its broadcast ownership rules every two years. But unfortunately, that directive has gone unfulfilled. To be sure, the Commission has overhauled *some* of its ownership rules. But it left others in place, including the rules that are arguably the most anachronistic and anticompetitive – the newspaper/broadcast cross-ownership ban and the

35% national broadcast ownership cap.

- These actions are inconsistent with the letter and the intent of the 1996 Telecommunications Act. That Act directed the Commission to review *all* of the rules *every* two years because change has rendered those rules inherently suspect. Unfortunately, change in the market has proved once again that it can and will outpace change in government bureaucracy.
- There are several sources feeding the bureaucratic inertia that have kept these ownership rules in place even as permanent and unmistakable changes in the mass media market continue to render them obsolete. Some of these sources spring from the misguided notion that we should more heavily regulate broadcasters who profit from the free use of valuable public spectrum. Others spring from ingrained notions about the power of the broadcast networks and newspapers.
- But if we are truly to serve the American public, then none of these concerns can justify continued inaction. I firmly believe that broadcasters should pay for the spectrum that they use, but burdensome and pointless regulation is no substitute for public revenues obtained from a competitive broadcast industry. I firmly believe that this Congress and the FCC should remain vigilant to prevent undue concentration of power in the mass media markets, but punishing yesterday's victors will only aid tomorrow's would-be monopolists.
- Again, Mr. Chairman, thank you for convening this important hearing today.